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NEWS RELEASE

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PSC APPROVES SETTLEMENT IN JACKSON PURCHASE ENERGY RATE CASE *Rural cooperative receives less than requested increase*

FRANKFORT, Ky. (June 17, 2008) – The Kentucky Public Service Commission (PSC) has accepted a settlement that permits Jackson Purchase Energy Corp. to raise its rates in order to increase its annual revenue by \$3.38 million, or about 9 percent.

Jackson Purchase Energy negotiated the settlement – which gives the rural electric cooperative slightly less than the amount of additional revenue it requested - with the Office of Attorney General.

Jackson Purchase Energy applied to the PSC for the rate increase in December 2007. During the course of the PSC's examination of the application, the utility and the Attorney General began settlement negotiations. The settlement was submitted to the PSC for review.

A public hearing on the proposed settlement was held May 13.

In today's order, the PSC said that it had determined that the rates proposed in the settlement are fair, just and reasonable.

Under the settlement, residential customers will see their monthly customer charge increase from \$7.00 to \$9.00. The charge per kilowatt-hour of electricity (the amount used by a 100-watt light bulb in 10 hours) will increase from 5.73 cents to 6.21 cents.

For an average residential customer (one using 1,243 kilowatt-hours of electricity per month), the base rate portion of the total bill will rise by \$8.50, from \$78.20 to \$86.70. That is an increase of 10.9 percent.

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Rates for other classes of customers also were adjusted to better reflect the costs of serving those customers based on the amount of power they consume.

The new rates take effect June 25. Jackson Purchase Energy's last general rate increase took effect on Aug. 6, 1998.

Jackson Purchase Energy has 28,900 customers in Ballard, Carlisle, Graves, Livingston, McCracken and Marshall counties. It purchases power from Big Rivers Electric Corp.

Because the higher rates are intended to allow Jackson Purchase Energy to build equity, the PSC ordered the cooperative to develop a written plan for managing that equity. The plan is to include long-term financial goals and capital management plans. It is due by June 30, 2010.

Today's order also approves Jackson Purchase Energy's depreciation schedule and a complete updating of the tariff which sets forth the cooperative's rates and terms of service.

Today's order and other documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2007-00116.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 100 employees.